strategic planning: a guide for supervisors

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You've worked conscientiously and diligently for several years as a supervisor. Your goal is to continue progressing as a supervisor with a hopeful eye towards moving into management. Your efforts are beginning to pay off. Your immediate superior has requested your assistance with your company's strategic planning process, but you know virtually nothing about strategic planning and have never participated in any activity of this sort. Here is an opportunity for your star to rise and shine in full view of other supervisors and managers. As you continue to think about the task that lies ahead, you begin to wonder if your lack of knowledge will cause your star to fade quickly.

The purpose of this article is to remove some of the mystery associated with strategic planning and provide guidance to supervisors who may be given some responsibility in assisting with the process. A summary of the strategic planning process and a list of suggestions for conducting the process are provided. The more familiar you are with the process and the desired results, the more you will be able to contribute to that process. We think you will find that the process is pretty much common sense.

Strategic planning is a concern typically associated with top management in an organization—the decisions often flow top-down. However, managers and supervisors at all levels have critical roles to play in the process. It is a basic rule of business that an organization must continually reinvent itself if it is going to stay competitive. Strategic planning is a methodology of continuous planning and analyses that helps focus the organization on reinventing itself for future success. Every employee has a vested interest in ensuring that it is successfully accomplished.

The importance of strategic planning to a business can be summed up with the old saying—"If you don't know where you are going, any road will take you there". Prudent use of the information contained in this article will help ensure that you and your company will find the road to success and will continue to follow it.

To prepare a strategic plan, your company must engage in a multi-step process addressing vision, mission, objectives, internal evaluation, external evaluation, and programs. The following material addresses these steps.

The Strategic Management Process

Your first step in learning the strategic management process should be to put yourself at ease. Although, the name itself invokes a grandiose scheme that may seem bigger than life, strategic management is, in fact, little more than an exercise in time management. It's all about how to achieve what's important when faced with conflicting demands and limited resources. Second, don't get caught up in the hype of strategic management. Too many organizations go through the motions but lose sight of the intent. These companies are

ridiculed in mainstream culture such as in the Dilbert comic strip. Remember the intent of strategic management is to set your company up for future success. The following are descriptive steps in the strategic management process which concentrate on how things should progress. As appropriate, we will also give examples of both the good and the bad.

Mission

This is your starting point. Equally important as knowing where you are going, you need to know where you are starting from—where you are today. A good mission statement would include your company's name, its major product/service offering, its major customer(s), and its source of competitive advantage. It needs to answer the question of "Why are we in business?" Use the elevator scenario which is popular in the sales and human resources arenas. That is, imagine 'selling' yourself to another while you both are riding in an elevator. The time allowed is limited and you have to get your message across, understood, and appreciated before the ride ends. It's all about effective communications—quick and simple. For understanding, think of how you would describe your company to your Mother.

Organizational mission statements are normally determined by the company's leadership. After all, that's the function of leadership—to set the general direction, the big picture. However, everyone else throughout the organization needs to know where and how they fit into this big picture. A mid-level manager would therefore be expected to develop guidance for his/her department consistent with the bigger picture. For instance, if the company is known for its customer service, the HR department would be responsible for hiring and motivating employees who would convey the appropriate company image and/or superior customer service. Everything needs to fit together; this is something that we're going to stress throughout this article.

Assuming a fictitious restaurant, Mama's, providing lunch service in a downtown setting, a good mission statement would be:

"Mama's restaurant provides workers in the central business district a home-cooked lunch. Our success rests on our unique, relaxed, home-style atmosphere where you can "get away" from the work environment, if just for a moment".

You should be able to develop immediately a understanding of the business. On the other hand, the popular press is rife with examples of poor mission statements. Too often, organizations create flowery statements that, at best, say nothing and at worst, confuse. Otherwise, they cop out with something equally as useless like: "Our mission is to make money".

Making money is the basis for a capitalistic economy. The issue at hand is to structure and position your company so that it has the best opportunity to make MORE money than the competitors.

Vision

A company's vision provides direction. It is where the leadership sees the organization in the distant future. It is where you're going. It is often less defined than the mission and more goal-oriented. Like the mission, the company's vision is normally developed by the leadership. In fact, the ability to share one's vision is often the mark of a great leader. Visions provide a unifying motivation. We can all remember John F. Kennedy's vision of "A man on the moon by the end of the decade" and Martin Luther King's vision of "I have a Dream". Both are simple yet powerful.

A good vision need not be as powerful as those above; but, it should be useful. Your company's vision should paint a clear picture of your company in the distant—one that can easily be seen in the mind. While flexible, three to five years is a reasonable time frame. A good vision should inspire and motivate the entire company. Building on Mama's example, a decent vision could be, "When the harried workers think of lunch, Mama's is the first choice that comes to mind". This vision provides sufficient direction for managers at Mama's to use when setting priorities.

Also, like the mission, each department in your company

needs to develop its own personalized vision. Stressing fit again, the department's vision must be tailored to the company's bigger picture. Building on Mama's example, if Mama's is going to be the diners' first choice, then she needs to make sure that the perception of quality and service is developed in the customers' minds. Therefore, the HR department's vision could be: "Our employees consider themselves as partners."

Now that we know where we are and where we want to go, it's time for a reality check. We need to evaluate our company relative to our competitors to see what we need to do in order to make sure that we can reach our desired future. This next part of the process has two steps. We start by looking inside with an internal evaluation of what we have and then look outside at the external environment to see how we compare to our competitors.

Internal Evaluation

While the direction setting intent of a Mission and a Vision is normally accomplished by the company's leadership, internal evaluation requires representatives from all parts of the company. This part of the strategic management process is where your insight into the daily activities of your company can prove invaluable.

Internal evaluation involves some serious soul-searching. You need to look around and take inventory of everything that you have at your disposal. This inventory should contain everything: people, buildings, desks, chairs, chicken roasters, refrigerators, freezers, etc.–these are your resources. Now look at what you're doing with those resources: preparing meals, serving meals, cleaning up after meals–these are your activities.

The easiest way to identify and inventory the resources and activities is through a brainstorming session. An effective tool to accomplish this inventory is through guided visualization. Gather the department members. With the help of a moderator and someone to record everything, picture yourself walking through the business and seeing everything that is there (i.e., the resources) and what's being done (i.e., the activities). Everyone describes what they 'see' as they are being led by the moderator with the observations being noted for the next step.

The internal evaluation process should provide a very detailed description of the business, what it has and what it does. The more detail the better. In fact, the brainstorming session will be more effective if you can remain objective and refrain from assigning adjectives during the identification phase. To illustrate by building on Mama's example, one resource could be the restaurant's address/location. While the location may be a reason for success, avoid any claims of 'prime' location for the moment. Simply list everything; the list will be pared down and prioritized later.

Another benefit of remaining objective is avoidance of tunnel vision. You'll be tempted to leap ahead in the process and fit your activities into your company's vision and future success. However, if you take short-cuts, you may miss out on indentifying other activities that may be equally important at setting your company up for future success.

Mama's resources would include: a chef with credentials from a particular culinary institute; two hostesses; five wait staff; 1,000 square feet seating area with thirty tables; a lease on the property; a kitchen capable of producing fifty meals per hour; etc.

Mama's activities would include: receiving the ingredients to the meals; preparing the meals; serving the meals; cleaning up after the meals; greeting incoming diners; seating the diners; taking orders; delivering the meals; disposing of the waste; paying the employees; developing menus; etc.

The more detail is better because we have to evaluate each of these activities to see where we rank relative to our competitors. We want to find out what Mama's does better than what her competitors. Furthermore, why should potential diners choose Mama's over her competitors: Papa's, Uncle Joe's or Aunt Jane's? This is the question we want to answer next, and the more activities we have in our description, the more options we have in our next step–external evaluation.

External Evaluation

If you're going to find out which of your activities are better than these activities of your competitors, you first have to define the boundaries. You need to identify your competitors or what's referred to as the external environment. Your competitors are defined in terms of customers. After all, the competitors are all fighting to attract the same customers. Your company's intent is to attract those customers instead of allowing them to freely seek out your competitors. This is key to your company's success. You need your company to provide something the customers want and then conduct those activities better than the competitors.

Of course, this is much easier said than done. Not only do you have to understand who these customers are, you also need to understand what they want. You'll have to rely on marketing research to identify what your target customers want and how they decide among the various choices. In Mama's case, the target market, the potential diners, come from occupants of the office buildings in the central business district; this is consistent with her mission statement. Mama hired a consultant to survey the potential customers to see what criteria they use when deciding where to eat lunch. The consultant identified three factors: within three blocks walking distance; a relaxed atmosphere; and, good tasting food. Mama, being familiar with the area around her restaurant, identified three other restaurants that may be able to satisfy the above criteria: Papa's, Uncle Joe's and Aunt Jane's.

The task at hand is to make sure that Mama's is better able to provide the above three factors better than the other three restaurants can. In other words, Mama wants to make sure she has a competitive advantage. Now is the time to add the evaluation dimension to the activities we identified earlier. We stress activities, since a competitive advantage is rarely based on a simple resource. For instance, it's not really the chef that diners come to see; it's his/her capability to produce a tasty meal which attracts customers. One's reputation doesn't happen automatically; it has to be built over time based on one's actual performance–you actually have to DO something.

Therefore, we need to evaluate each of Mama's activities relative to the corresponding activities of the other three competitors. The initial intent is to see where Mama's performs better (i.e., her strengths) AND where Mama's doesn't perform as well (i.e., her weaknesses) at each activity relative to her competitors' performances. The ultimate goal here is to build a competitive advantage on her strengths and improve her weaknesses, as necessary. More specifically, Mama wants her strengths to match the customer's decision criteria and thus become a competitive advantage.

The biggest problem with external evaluation is gathering information on competitors. Oftentimes, specific data are unavailable. Other times, it just takes a little more effort to find usable data. There's nothing wrong or unethical about visiting your competitors and evaluating your experience. If you're a manufacturing organization, there's nothing wrong with buying your competitors' products and comparing them with yours. The sources of competitive intelligence are vast, often contextual and beyond our scope. Therefore, this topic is not addressed in this article.

We can now look at Mama's activities and see if she has a competitive advantage. The first decision criterion was convenience. After evaluating her location relative to those of the three competitors, we can see if more potential customers are within a three block radius or not. The second criterion was atmosphere. After hiring an objective evaluator to visit all four restaurants, Mama found that hers rated as the most relaxed. This evaluation demands further measure since it is so critical. She really needs to come up with objective measures for defining a 'relaxed atmosphere'. The third criterion was quality food. Again, an objective evaluator could be hired to taste the offerings. A simple measure for food quality could be the credentials of Mama's chef relative to those of the chefs of the competitors.

Due to space constraints, we'll limit our coverage here. To be

really useful, you should evaluate ALL of your activities against VERY specific measurement criteria in order to see where you rank relative to your competitors or industry standards. You may find other sources of competitive advantage as well as areas, not necessarily linked to the competitive advantage but where you need to improve your business such as reducing costs.

Let's return for a moment to your position as a mid-level manager. Because you may not have direct contact with your company's customers, you may think that you don't have to worry about these considerations. At first glance, this may seem to make sense. However, when looking deeper, you may find your activities with many indirect influences on the customer that you hadn't considered before. These activities may become sources for new, heretofore undeveloped, sources of competitive advantage. Therefore, be very careful not to discount your effect on the overall company. We'll now shift our focus to the longer term considerations. What else is going on around your company that you haven't considered yet? How will those events change the way you're conducting the business in the long term?

The Bigger External Environment

In addition to considering how well you are doing relative to your competitors, you also have to consider what other factors can affect your business. These factors are quite diverse and oftentimes depend on the type of business. For instance, the price of jet fuel has been rising. This price increase has raised the cost of doing business for ALL the airlines. When faced with such a cost increase, a company has only two choices. First, one could raise prices. Depending on competitor actions and customer reactions, raising prices may not be a viable option. Second, one could simply absorb the cost increase. However, your costs must be lower than your price in the long run if you're to stay in business. Therefore, simple absorption is only viable for companies whose initial costs are sufficiently low.

Although Mama's is not in the airline business, she is not immune to rising gas prices; price increases affect the cost of her ingredients. Mama is faced with the same choices provided above; she can raise her menu prices or simply absorb the cost and not make as much profit. In Mama's marketing research report we should have noted that price was not one of the major decision criteria on the part of potential diners. Therefore, Mama could raise prices to compensate for increased costs without losing customers. Of course, there is some price level where the other criteria will start to play less of a role; this needs to be considered during the marketing research process.

In general, we refer to external factors that can have a positive impact on businesses as opportunities and the negative ones as threats. Since these opportunities and threats affect all businesses, your company's specific competitive advantage will allow you to benefit more than your competitors when all are faced with an opportunity.

For instance, the increase in corporate downsizings has increased stress and lowered the number of employees. On the positive side (from Mama's perspective), increased personal stress also increases the need for one to seek whatever relaxation one can find during the day. A restaurant that provides an oasis of relaxation will enjoy a correspondingly higher demand than those without such an atmosphere. On the negative side, the corporate downsizings have reduced the total population of potential diners. However, since Mama enjoys a higher demand than the competitors, she will most likely lose fewer customers than the other three.

The evaluation of the general environment is the least well defined in strategic management. One must be very creative and insightful in order to notice changes. In fact, it would really help if you could predict the future. However, since that's impossible, your next best bet is to stay alert to what's going on around you by scanning the environment. By paying close attention to as much media as you can afford, you become more sensitive to changes. Although

you won't be able to actually predict a change, you may be able to notice subtle changes before your competitors. You can then take action before anyone else and give yourself a competitive edge.

Putting it all together in a Plan

You should now have information which is sufficient to best position your company for future success. The following summarizes the steps previously discussed:

✓ You know what your company is doing currently, why, and what the priorities are–your mission.

✓ You know who your competitors are and their activities–your industry.

✓ You know who your customers are and what they want.

✓ You know where your company is headed in the long term–your vision.

✓ You know what you have at your disposal–your resources.

You know specifically what it is that your company is doing–your activities.

✓ You know what you do better than your competitors–your strengths.

✓ You know what you don't do as well as your competitors–your weaknesses.

✓ You know what strengths matter to your customers–your competitive advantage.

✓ You know what environmental changes may affect your business as well as the competitors–the opportunities and threats.

It's now time to put these pieces together into a coherent and comprehensive strategic plan. The theme in any strategic plan is to FIT all the pieces together. Ask yourself the following questions and then develop a to-do list of objectives that will set your company up for future success:

✓ Do I have sufficient resources to accomplish my current mission and achieve my future vision?

✓ Do I have sufficient strengths to ensure that I remain competitive?

✓ Do I have too many weaknesses such that they will overwhelm any advantages I may have?

✓ Are there enough opportunities and not too many threats such that I can achieve my future vision?

If you can answer all questions, yes, then your priority is to simply monitor the situation and note if anything changes. If you answer no to any of the questions, then you need to establish a detailed action list to correct the situation. Based on your understanding of where each of the pieces fit into the bigger picture, you can develop an action plan to correct the situation.

Summary

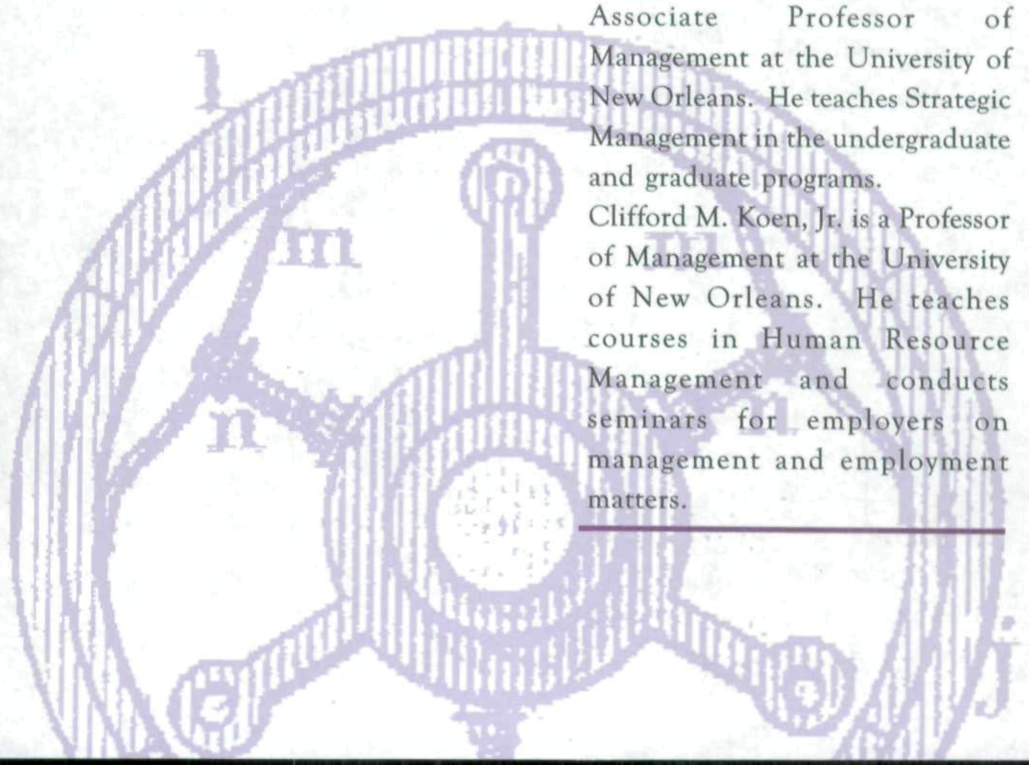
Strategic management is all about positioning your company relative to your competitors so that your performance will be better than theirs. This process is accomplished through discrete but interconnected steps where you identify resources and activities. You then compare your activities against your competitors' activities to see whose are better; these become strengths for the owner. Your strengths that correspond to what the customers want become your competitive advantage. You then use your competitive advantage, in the face of changing environmental conditions, to out-perform your competitors.

The strategic management process is a philosophy–it's a way of life for an organization and all of its employees. However, its benefits are often lost through incomplete development or application of the process steps or through contamination where outcomes are more important than the intent. For instance, when you want a mission statement bad enough, a bad mission statement is what you often get.

All too often we hear about: putting out the fires; crises management; and, reactive vs. proactive. We 'know' that we should plan; it's just too easy NOT to plan. When company leaders do recognize the benefits of strategic management and it's time for you to get involved, we intend for our guide to provide

you with enough enlightenment to make it apparent that you are knowledgeable of the strategic management process. Even more importantly, our guide should allow you to actually contribute to the process.

To find and remain on the road to success, an organization should be actively involved with strategic planning; supervisors can play a key role in the success of that planning. This multi-step process of continuous planning and analysis addresses vision, mission, objectives, internal evaluation, external evaluation and programs. While this may not necessarily be a recipe for success, without it a business is more likely to fail. Understanding this process will enable you to be an engaged participant in the strategic planning process and help you add value to your organization.



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